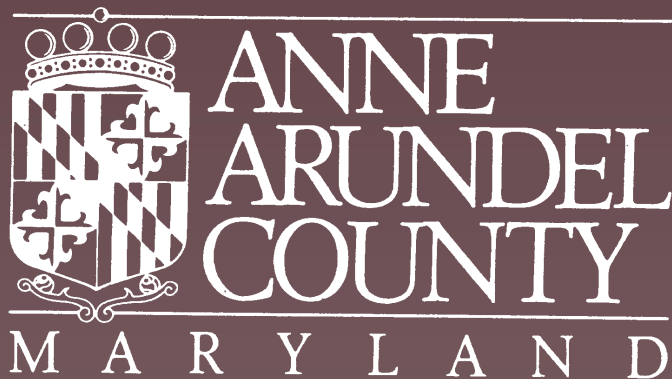


Current Expense Budget



VOLUME 2

•Revenue Overview

Janet S. Owens
County Executive

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**FISCAL YEAR 2003
CURRENT EXPENSE BUDGET**

JANET S. OWENS
COUNTY EXECUTIVE

ANNE ARUNDEL COUNTY, MARYLAND

JOHN M. BRUSNIGHAN
CHIEF ADMINISTRATIVE OFFICER

JOHN R. HAMMOND
BUDGET OFFICER

ANNE ARUNDEL COUNTY COUNCIL

BILL D. BURLISON
Chairperson

**PAMELA G. BEIDLE
DANIEL E. KLOSTERMAN, JR.
SHIRLEY MURPHY
CATHLEEN M. VITALE
BARBARA D. SAMORAJCZYK
JOHN J. KLOCKO, III**

PREPARED BY

THE OFFICE OF BUDGET
ANNE ARUNDEL COUNTY, MARYLAND

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RAYMOND M. ELWELL

FRED C. LICKTEIG

BUDGET AND MANAGEMENT ANALYSTS

CATHLEEN M. CONLYN

HENRY T. FARRELL, JR.

WAYNE R. GREKSA

CAROLYN P. KIRBY

KURT D. SVENDSEN

ADMINISTRATIVE SUPPORT

PAT BLEVINS

GENERAL FUND REVENUES SUMMARY

FY2002

- Excluding the appropriated fund balance, General Fund revenues are projected to increase by \$33 million (+4.2%). Total General Fund revenues including fund balance are projected to increase by \$25.6 million (+3.1%).
- The increase in estimated FY2002 revenues compared to FY2001 actual revenues is largely due to the following increases: (a) property tax revenues (+\$11.7 million); (b) grants (+\$11.6 million); (c) local income tax (+\$10.4 million); (d) recordation and transfer taxes (+\$7.2 million); and (e) interfund reimbursements (+\$1.5 million). These major increases are partially offset by projected decreases in several revenue categories compared to FY2001, including: (a) an \$12.8 million decrease in budgeted fund balance; (b) a \$3.7 million decrease in investment income; (c) a \$1.9 million decrease in state shared revenues; (d) a \$1.7 million decrease in licenses and permit revenues; and (e) other revenues (\$1.2 million).

FY2003

- General Fund revenues are projected to increase by \$21.8 million (+2.5%). Excluding the appropriated fund balance, revenues are projected to increase by \$33.5 million (+4%).
- The estimated \$35.2 million increase consists of the following notable changes: local income tax (+\$14.2 million); property tax (+\$13 million); other revenues (+\$2.5 million); licenses and permits (+\$2.2 million); sales taxes (+\$1.9 million); interfund reimbursements (+\$1.3 million); and state-shared revenues (+\$0.9 million). These increases are partially offset by decreases in appropriated fund balance revenue (-\$11.7 million); grants (-\$2.2 million); and recordation and transfer taxes (-\$1.5 million).

TABLE 1

General Fund Revenue Summary -- FY2003 Budget

<u>Revenue Classification</u>	<u>FY2001</u>	<u>Estimated Revenues</u>		<u>FY2002-FY2003 Change</u>	
	<u>Revenues</u>	<u>FY2002 Revised</u>	<u>FY2003</u>	<u>Amount</u>	<u>Percent</u>
Property Taxes	\$342,679,454	\$354,386,000	\$367,419,000	\$13,033,000	3.7%
Local Income Tax	257,789,570	268,162,000	282,340,000	14,178,000	5.3%
State Shared Revenues	29,537,138	27,645,700	28,589,700	944,000	3.4%
Grants & Aid-State/Federal	34,607,900	46,163,500	43,951,600	(2,211,900)	(4.8%)
Recordation & Transfer	52,854,357	60,026,000	58,521,000	(1,505,000)	(2.5%)
Local Sales Taxes	26,631,337	25,895,000	27,758,000	1,863,000	7.2%
Licenses & Permits	13,313,670	11,600,200	13,795,200	2,195,000	18.9%
Investment Income	4,941,677	1,200,000	2,350,000	1,150,000	95.8%
Other Reimbursements & Revenues	20,820,747	19,665,000	22,199,500	2,534,500	12.9%
Interfund Reimbursements	11,716,888	13,199,100	14,486,400	1,287,300	9.8%
Total County Revenues	\$794,892,738	\$827,942,500	\$861,410,400	\$33,467,900	4.0%
Fund Balance (Appropriated)	41,168,700	33,768,000	22,055,900	(11,712,100)	(34.7%)
Total General Fund Revenues	\$836,061,438	\$861,710,500	\$883,466,300	\$21,755,800	2.5%

FIGURE 1

**FY2003 Operating Budget Revenues (less Fund
Balance) -- \$861,410,400**

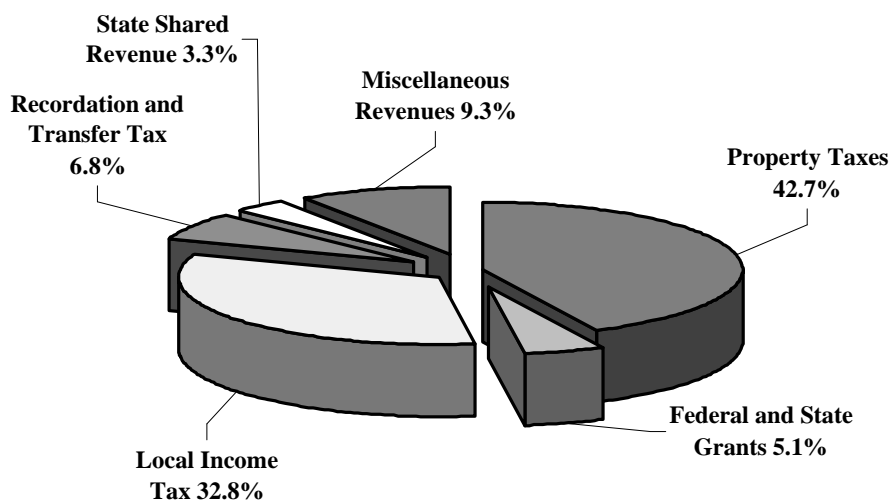


TABLE 2
Shares of General Fund Revenues
(Less Appropriated Fund Balance Amounts)
FY1991-2003

General Fund Revenues by Major Source -- Percentages of Total Revenues

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local Income Tax</u>	<u>State Shared Revenues</u>	<u>State & Federal Grants</u>	<u>Recor- dation and Transfer Tax</u>	<u>Other Revenues</u>	<u>Total (3)</u>
1991	45.7%	28.7%	5.7%	5.3%	5.0%	9.6%	100.0%
1992 (1)	48.4%	28.3%	4.0%	3.2%	6.0%	10.1%	100.0%
1993 (2)	51.4%	28.5%	3.0%	1.7%	6.5%	8.9%	100.0%
1994	48.6%	28.3%	3.1%	3.8%	7.0%	9.2%	100.0%
1995	48.3%	28.4%	3.2%	4.1%	5.7%	10.3%	100.0%
1996	47.9%	28.3%	3.1%	4.4%	5.8%	10.5%	100.0%
1997	47.6%	29.3%	3.1%	3.9%	5.5%	10.6%	100.0%
1998	46.1%	30.6%	3.4%	3.7%	6.2%	10.0%	100.0%
1999	43.9%	32.3%	3.5%	3.7%	7.0%	9.6%	100.0%
2000	42.7%	32.9%	3.4%	3.6%	6.8%	10.6%	100.0%
2001	43.1%	32.4%	3.7%	4.4%	6.6%	9.8%	100.0%
2002E	42.8%	32.4%	3.3%	5.6%	7.3%	8.6%	100.0%
2003E	42.7%	32.8%	3.3%	5.1%	6.8%	9.3%	100.0%

PROPERTY TAXES			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$328,708,724	\$14,301,071	4.6%
2001 Actual	342,679,454	13,970,730	4.3%
2002 Budget Estimate	352,010,000	9,330,546	2.7%
2002 Revised Estimate	354,386,000	11,706,546	3.4%
2003 Budget Estimate	367,419,000	13,033,000	3.7%

FY2002-2003 Revenue Estimates

The revised estimate of total FY2002 revenues is \$11.7 million (+3.4%) more than FY2001 actual revenues. Current year revenues are estimated to increase by \$14.2 million (+4.1%). Net current year credits are estimated to increase by \$1.3 million (+17%) due primarily to increases in the homestead property tax credit program. Other miscellaneous property tax revenues, primarily from charges for the semiannual property tax payment program, are projected to hold steady. The 1998 General Assembly enacted legislation requiring homeowners to pay real property taxes on principal residences in semiannual installments unless they opt to make a single payment. This change dramatically increased the number of homeowners making semiannual property tax payments. The legislation also authorizes counties to charge a service fee at the time the second installment is due (December 31), although property owners could pay both installments on or before the first due date (September 30) and avoid the service fee. The service fees offset reduced investment income because the county will not have the funds to invest for the three months, from October through December. The FY2002 property tax revenue estimates include \$1.2 million from semiannual payment fees, compared to \$1.3 million in FY2001 and to \$0.3 million in FY2000. FY2003's total property tax revenues are projected to increase by \$13 million (+3.7%). FY2003's current year real property taxes are estimated to increase by \$16 million, which is partially offset by increases in current year property tax credits totaling \$4.3 million. Total FY2003 credits are projected to increase by \$4.3 million (+50%), primarily as a result of increases in the Homestead (104%) Property Tax Credit Program and a change to the County Supplement to the Homeowners Property Tax Credit Program.

FY2003 Property Tax Revenue Limitation ("Tax Cap") Summary

The FY2003 budget is the tenth budget after the Property Tax Revenue Limit approved by county voters in November 1992. The limit's provisions and its impact on FY2003 revenues can be summarized as follows:

- The percentage change of property tax revenues from properties on the rolls at the commencement of the fiscal year ("existing properties") cannot be more than the change in the Consumer Price Index ("CPI"), or 4.5%, whichever is less.
- The Washington-Baltimore Metropolitan Area's January 2002 CPI was 1.84% greater than the January 2001 CPI. This is the maximum percentage increase allowed for revenues from existing properties in FY2003.
- Estimated FY2002 property tax revenues subject to the limit are \$353.5 million. This is the base for estimating the allowable revenue amount for FY2003.
- The increase in FY2003 revenues, excluding revenues from new construction added to the property tax rolls, cannot exceed \$6.5 million (1.84% of \$353.5 million).
- The estimated FY2003 growth rate of the existing properties assessable base (net of credits) is 3%. If current property tax rates are applied to the FY2003 net amount, an additional \$10.8 million of additional revenues will be generated, which is \$4.3 million more than the allowable increase (\$6.5 million).
- The FY2003 budget includes a decrease of property tax rates from \$0.96 to \$0.95 for property located outside of Annapolis and from \$0.556 to \$0.55 for property located within Annapolis. The adopted budget's FY2003 tax rates together with an increase in property tax credits that would result from a change in the County Supplement to the Homeowners Property Tax Credit

would generate an additional \$6.3 million of additional revenues, which is less than the allowable \$6.5 million increase.

“Truth in Taxation” Legislation

Chapter 80 (SB 626) was enacted by the 2000 General Assembly. As a result of this legislation, real property was converted to full-value (100%) for assessment purposes and the tax rates on real property were reduced by 60% on October 1, 2000. Consequently, the enacted FY2001 \$2.40 county tax rate was changed to \$0.96 for real property taxation purposes on that date. Personal property tax rates did not change, however, and are set at 2.5 times the real property tax rate. As a consequence, per penny property tax yields have risen substantially and there are now four tax rates for property in the county, depending on the type (real or personal) and location (inside or outside Annapolis). There are also now two Annapolis tax differential amounts (see below).

Electricity Deregulation – Impact on FY2003 Public Utility Property Assessable Base

Chapter 6 (HB 366) enacted by the 1999 General Assembly session phased in over a two-year period a 50% exemption for personal property that is machinery or equipment used to generate electricity for sale. Under previous law, this type of personal property was assessed at 100%. This property tax exemption resulted in an estimated reduction in utility personal property assessable base in the current year (FY2002) of approximately \$381 million, which reduced revenues by an estimated \$9.1 million. A large portion of the revenue reduction is offset by a \$7.8 million state electricity deregulation grant to the county.

FY2002-2003 Assessable Base

The county’s FY2003 assessable tax base is projected to increase by 6% to \$38.3 billion from an estimated FY2002 level of \$36 billion. The real property base is expected to increase by 7%, which is the largest percentage increase in the last nine years. On the other hand, according to estimates by the State Department of Assessments and Taxation, the county’s personal property base is expected to be relatively unchanged at \$2.4 billion.

TABLE 3
Anne Arundel County Assessable Base
FY1991-2000 Actual & FY2001-2002 Estimated

Fiscal Year	Real Property		Personal Property		Total Property	
	Amount (mill.)	Percent Change	Amount (mill.)	Percent Change	Amount (mill.)	Percent Change
1991	18,449.9	14%	1,487.6	6%	19,937.5	13%
1992	21,131.0	15%	1,544.9	4%	22,675.9	14%
1993	23,753.3	12%	1,960.0	27%	25,713.3	13%
1994	25,551.6	8%	1,985.8	1%	27,537.4	7%
1995	26,404.7	3%	2,074.3	4%	28,479.0	3%
1996	27,052.5	2%	2,187.7	5%	29,240.2	3%
1997	27,734.2	3%	2,305.0	5%	30,039.2	3%
1998	28,404.3	2%	2,340.6	2%	30,744.9	2%
1999	29,298.1	3%	2,383.3	2%	31,681.5	3%
2000	30,322.7	3%	2,532.4	6%	32,855.1	4%
2001	31,777.1	5%	2,409.1	(5%)	34,186.2	4%
2002E	33,557.8	6%	2,436.4	1%	35,994.2	5%
2003E	35,893.8	7%	2,428.5	(0%)	38,322.2	6%

The following table summarizes property tax rates and property tax data for homeowner-occupied properties:

TABLE 4
Summary of FY2002 and FY2003 Property Tax Rates and Related Data

	<u>Outside Annapolis</u>	<u>Within Annapolis</u>
1. FY2002 tax rates (real property / personal property)	\$0.96 / \$2.40	\$0.556 / \$1.39
2. FY2002 tax differential (real property / personal property)		\$0.404 / \$1.01
3. FY2002 average property tax bill for homeowner-occupied property	\$1,607	\$903
4. FY2002 property tax yield per penny	\$3,553,500	\$286,000
5. FY2003 tax rates (real property / personal property)	\$0.95 / \$2.375	\$0.55 / \$1.375
6. FY2003 tax differential		\$0.40 / \$1.00
7. FY2003 average property tax bill for homeowner occupied property	\$1,635	\$913
8. \$ and percent changes from FY2002 average tax bill	\$28 / +1.7%	\$10/ +1.1%
9. FY2003 average full (market) value of homeowner occupied property	\$177,800	\$174,500
10. FY2003 average taxable value of homeowner occupied property (full value minus average homestead tax credit)	\$172,100	\$166,000
11. Effect of 1¢ change (\$ and %) on average property tax bill	\$17 / 1%	\$16 / 1.8%
12. FY2003 property tax yield per penny	\$3,714,500	\$298,000

Annapolis Tax Differential

The calculated FY2003 Annapolis tax differentials (i.e., the property tax rates for services that the county provides only outside Annapolis and that Annapolis provides for itself) using amounts in the County Executive's proposed budget are \$0.38 for real property and \$0.95 for personal property. The calculated real property rate differential is \$0.02 less than the adopted FY2002 real property tax differential (\$0.40). The calculated personal property rate differential is \$0.05 less than the adopted FY2002 personal property tax differential (\$1.00).

The following table shows the history of property tax rates and yields per penny from the property tax:

TABLE 5
Property Tax Rate History – Rates and Yield Per Penny
FY1991 - FY2003

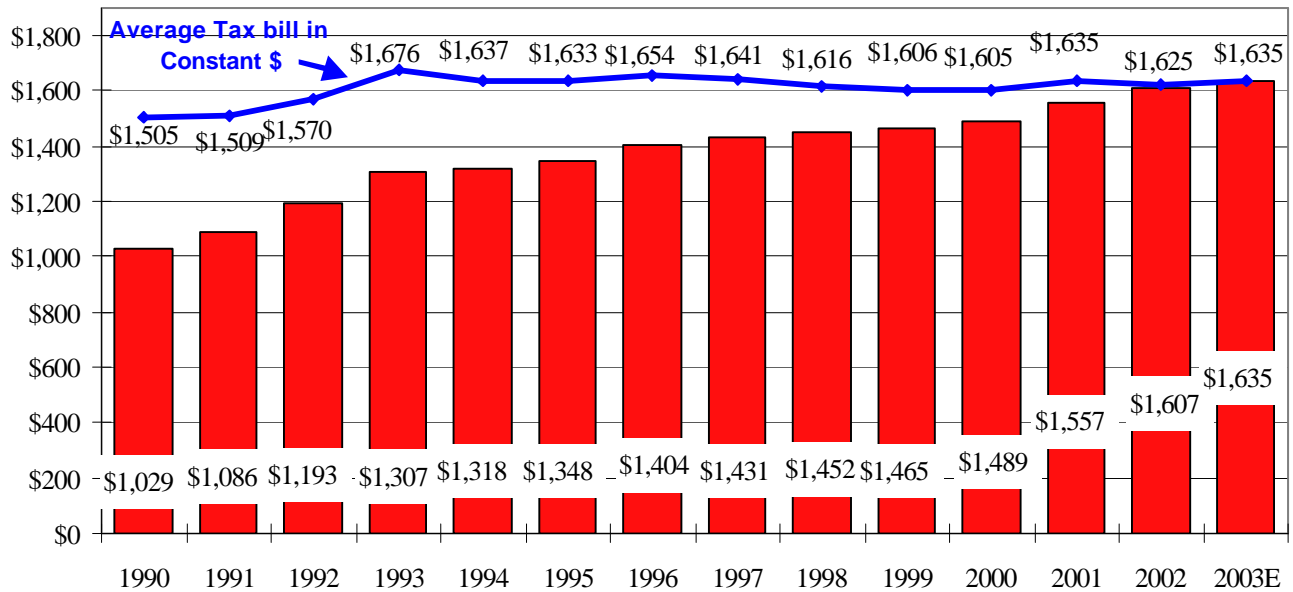
Fiscal Year	County Tax Rates	Tax Rates in Annapolis	Tax Differentials	Revenue Yield @ 1 ¢	Change in Revenue	
					Yield per 1 ¢	
					Amount	Percent
1991	2.46	1.31	1.15	885,200	72,800	9%
1992	2.46	1.31	1.15	978,500	93,300	11%
1993	2.46	1.31	1.15	1,106,000	127,500	13%
1994	2.38	1.15	1.23	1,162,300	56,300	5%
1995	2.35	1.23	1.12	1,211,100	48,800	4%
1996	2.38	1.29	1.09	1,257,800	46,700	4%
1997	2.38	1.37	1.01	1,299,750	41,950	3%
1998	2.38	1.37	1.01	1,340,200	40,450	3%
1999	2.36	1.35	1.01	1,382,600	42,400	3%
2000	2.36	1.35	1.01	1,430,000	47,400	3%
2001	0.96 / 2.40	0.556 / 1.39	0.404 / 1.01	3,673,500	2,243,500	157%
2002	0.96 / 2.40	0.556 / 1.39	0.404 / 1.01	3,839,500	166,000	5%
2003E	0.95 / 2.375	0.55 / 1.375	0.40 / 1.00	4,012,500	173,000	5%

Average Property Tax Bills – Homeowner-occupied Property

The history of average County property tax bills for homeowner-occupied properties in current and constant (i.e., expressed in terms of the January 2002 US city average CPI-U) dollars is shown in the following graph:

FIGURE 2

Average County Property Tax Bills -- FY1990-2003



LOCAL INCOME TAX			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$253,197,128	\$22,170,458	10.9%
2001 Actual	257,789,570	4,592,442	1.8%
2002 Budget Estimate	276,446,000	18,656,430	7.2%
2002 Revised Estimate	268,162,000	10,372,430	4.0%
2003 Budget Estimate	282,340,000	14,178,000	5.3%

Historically, strong annual income tax growth rates averaged more than 10% throughout most of the 1980's. However, the 1990's saw modest employment and personal income growth, which brought income tax growth rates down dramatically from the 1980's. The past few years have exhibited a resurgent healthy growth rate due to capital gains income as a result of the booming stock market and a change in federal income tax treatment of capital gains income.

Local income tax revenues consist of two components: (a) distributions of quarterly withholdings and estimated income tax payments; and (b) other miscellaneous distributions, including penalty and interest payments, delinquent filings, fiduciary returns and previous tax year distributions from tax returns filed on or before April 15th. Over the past several years, the former component has accounted on average for about 85% of total revenues. Furthermore, the second component, though relatively much smaller, has historically shown great variability, as shown clearly in the following table:

TABLE 6
Historical Changes in Income Tax Revenues
FY1990-2000

<u>Fiscal Year</u>	<u>Quarterly Withholding Distrib.</u>	<u>Other Misc. Distributions</u>
1991	3.1%	(11.2%)
1992	2.0%	12.0%
1993	9.1%	(4.5%)
1994	6.2%	1.9%
1995	6.0%	2.6%
1996	2.5%	21.2%
1997	5.3%	31.1%
1998	12.9%	6.4%
1999	6.6%	38.3%
2000	11.9%	3.8%
2001	6.0%	3.3%

State and Local Income Tax Simplification Enacted by 1999 General Assembly

Under the provisions of Chapter 493 enacted by the 1999 General Assembly, the local income tax rates for Anne Arundel County taxpayers' taxable income are 2.53% for CY2002 and 2.56% for CY2003 and after. The legislation's intended effect is to simplify the calculation of local income taxes by taxpayers when they complete their state income tax forms. Most notably, county taxpayers now use one personal exemption amount to determine both their state and local income tax liability. The legislation was enacted with the intent that it will generate the same amount of income tax revenue for the county as previous income tax law. There are no changes in current local income tax rates in the FY2003 budget.

FY2002 Revised Estimate

The estimated FY2001 actual to revised FY2002 income tax growth rate is 4%. However, after adjusting FY2001's receipts for a one-time deduction of \$9.4 million by the State Comptroller's Office for erroneous

distributions of fiduciary return income taxes to the county over the previous three years, the adjusted estimated FY2001-FY2002 increase is 0.4%. The revised FY2002 estimates have been reduced by \$8.3 million (-3%) from the original budget estimate because of the experience to date. Total receipts through March have only increased by 1.9% compared to the same period last year. The first two quarterly distributions of withholdings and estimated payments in November and February decreased almost 1% from last year's distributions. Actual growth to date is therefore substantially under the original budget estimate of 7.2% (3.5% adjusted basis) growth. The decreased estimate is consistent with the State Board of Revenue Estimates' forecasts of slumping state and local income tax revenues during the current fiscal year. The BRE's March 2002 estimate for FY2002 state income tax is a 0.6% decline from FY2001.

The county's estimated FY2002 and FY2003 projected percentage changes are shown in the following table:

TABLE 7
Estimated Changes in Income Tax Revenues
FY2002-2003

<u>Fiscal</u> <u>Year</u>	<u>Quarterly With-</u> <u>holding Distrib.</u>	<u>Other Misc.</u> <u>Distributions</u>
2002 Budget	6.6%	(11.0%)
2002 Revised	0.6%	(0.5%)
2003 Estimated	5.8%	3.1%

The downward revision in the estimated growth rate for quarterly withholding distributions from 6.6% (original budget) to 0.6% (revised estimate) is based on the first two quarterly withholding income tax distributions though February 2002 received by the county from the State Comptroller's Office, which were almost 1% less than the same period last year. The readily apparent reason for this year's experience to date are a decline in estimated payments by taxpayers with capital gains. During the most recent three quarters (April through December of 2001), total statewide estimated payments received by the Comptroller's Office decreased by 10.4%. The State Board of Revenue Estimates' December 2001 report points out that capital gains declared by Maryland taxpayers, after almost quadrupling between 1994 and 1999, and after increasing by another 15% in 2000, are now estimated to decline by 35%-45% between 2001 and 2003. Therefore, FY2003's capital gains could revert back to the level in 1997.

Consequently, there is good reason to be cautious about the remaining distributions for the year. Three separate "adjusting" distributions, representing payments by county taxpayers as part of their 2001 tax return filings, will be received between June and September later in (and in some cases, after the end of) this fiscal year. The three adjusting distributions traditionally account for more than half of the "other miscellaneous distributions" category described above (see Table 6). The FY2002 revised estimate for the three distributions (\$20 million) is equal to the average of the past five years, each of which was the largest amounts ever received. The following table shows the volatility of these three separate distributions over the past several years:

TABLE 8
Illustration of Volatility of Final Tax Year Distributions (millions \$)

<u>Fiscal Year</u>	<u>June Tenta- tive Final</u>	<u>August Final</u>	<u>September Final</u>	<u>Combined Total</u>
1988	\$2.3	\$3.0	\$3.7	\$9.0
1989	0.9	7.4	5.2	13.5
1990	5.2	1.7	4.7	11.5
1991	2.3	1.7	4.4	8.4
1992	4.2	1.2	4.5	10.0
1993	0.3	4.2	4.3	8.8
1994	0.0	1.9	4.0	5.9
1995	0.0	1.5	5.1	6.6
1996	0.0	2.5	7.0	9.4
1997	7.3	1.4	8.0	16.6
1998	3.2	3.0	9.5	15.7
1999	2.5	8.0	9.7	20.2
2000	0.0	0.0	20.4	20.4
2001	0.0	5.5	19.0	24.6
<hr/>				
Average FY1988-1996	\$1.7	\$2.8	\$4.8	\$9.2
Average FY1997-2001	\$2.6	\$3.6	\$13.3	\$19.5
2002E (budget)	\$3.2	\$5.4	\$8.7	\$17.2
2002E (revised)	\$0.0	\$5.0	\$15.0	\$20.0
2003 Budget est.	\$0.0	\$5.4	\$16.3	\$21.7

FY2003 Budget Estimate

For FY2003, overall local income tax growth of 5.3% is projected. The FY2003 estimate assumes modest county personal income and employment growth rates (see below), and consists of an estimated 5.8% increase in quarterly withholding distributions and a 3.1% increase in miscellaneous distributions. The FY2002-2003 increase in withholding distributions is also consistent with, but higher than, the projected growth of county personal income in FY2003. The projected Anne Arundel county FY2003 5.3% increase is more than the State Board of Revenue Estimates' projected FY2003 local income tax growth rate of 4.4%.

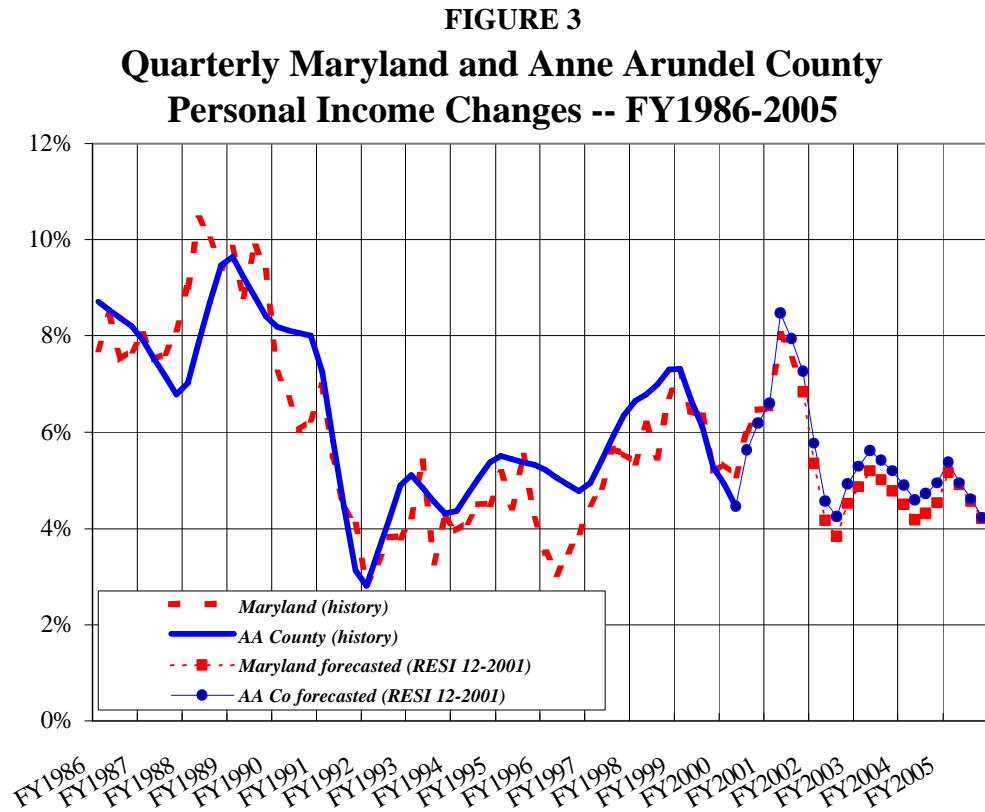
County Personal Income Forecasts and Trends

The estimated growth rate for county income tax is consistent with the most recently available estimates of county personal income prepared by Towson University's Regional Economic Studies Institute ("RESI") in December 2001. According to the Institute, county personal income will grow by 5.4% in FY2003, which is above the estimate for Maryland personal income (5%). RESI projects a gradual increase in quarterly growth rates during FY2003 and on through FY2004.

Unlike the 1980's, which saw personal income growth approaching double-digit rates, county personal income growth rates thus far in the 1990's and forecasts for the foreseeable future indicate that growth rates will continue to be in the 5% to 6% range. Between FY1983 and FY1990, Maryland and county personal income both grew by an average of 8.9% per year. RESI estimates that the county's personal income growth rate in the 1990s averaged 5.3%, above the state's 4.9% growth.

RESI's December 2001 forecasts of county and Maryland personal income show a decline in FY2002, to a quarterly low of around 4% in mid-year, but increasing into FY2003, with the county's personal income growth approaching 6% in mid-FY2003.

The following graph shows Towson University's quarterly Anne Arundel County and Maryland personal income growth rates for FY1986-2005:



County Employment Trends

Recent county and State of Maryland employment data indicates steady employment growth. County employment regained FY1990's peak employment level in FY1993, and increased fairly steadily until early FY1997. County employment declined after FY1997 and did not reach the same level until the mid-FY2000, and has continued to increase at a fairly steady rate since then. The number of jobs reported by Anne Arundel County employers grew steadily since mid-FY1996, and remained steady at about 200,000 jobs during the most recent reported nine month period (January through September of 2001). During this period job growth averaged 4%, down from the previous fiscal year, whose 5.2% increase was the highest since the mid to late 1980's. The county's unemployment rate reached a peak of close to 6% in late FY1992, reached the same level in late FY1993, and declined until FY1995. The rate remained steady until late FY1998, after which it started again to decline to less than 3%. It was under 3% from FY1999 through late FY2002, and has been increasing in the past year since last May. The most recent data for February 2002 shows that the county's unemployment rate was 4.1%, and is almost a full percentage point under the state's rate and two percentage points under the rate for the entire US. The trends of county employment and unemployment rates since the early 1990s are shown in the following two graphs:

FIGURE 4

**Anne Arundel Co. Monthly Employment -- FY1999-2002
(seasonally adjusted)**

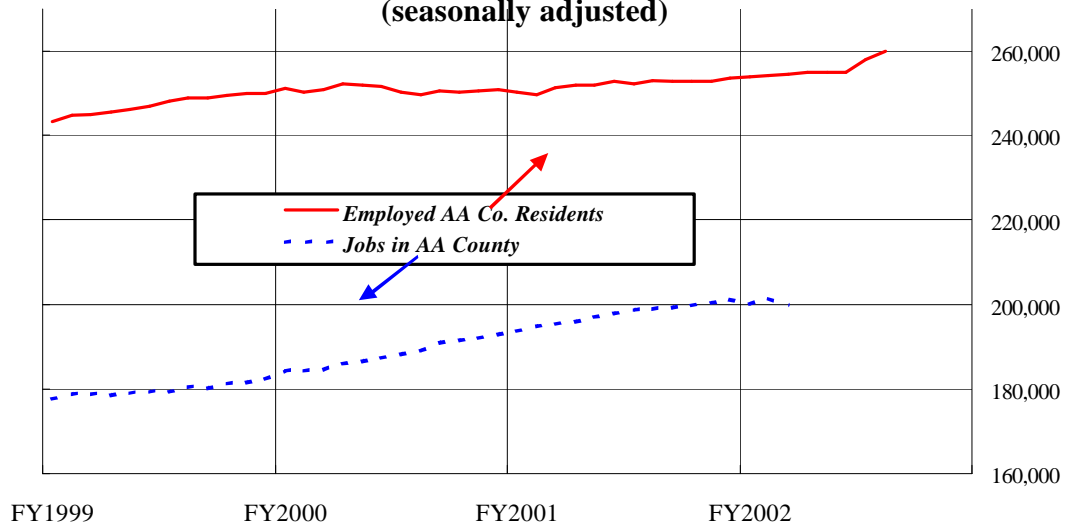
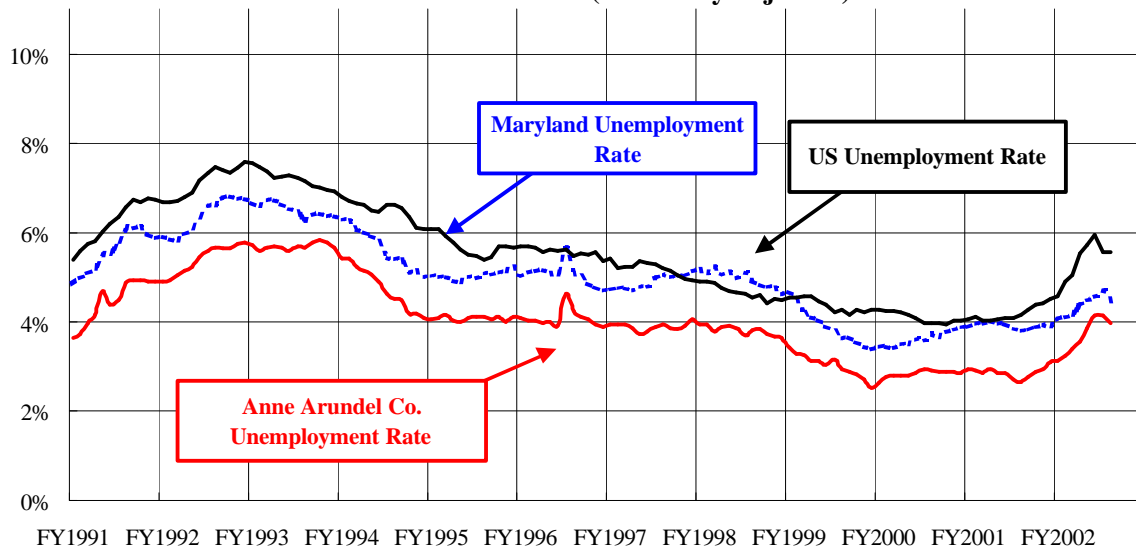


FIGURE 5

Anne Arundel County, Maryland and US Monthly Unemployment Rates FY1991-2002 (seasonally adjusted)



County Employment Forecasts

In addition to their forecasts of county personal income, the Regional Economic Studies Institute also provides forecasts of county employment. RESI's December 2001 report forecasts county employment growth rates of 2.3% in FY2002 (down from 4.5% in FY2001), but increasing to almost 3% in FY2003 and FY2004.

STATE SHARED REVENUES			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$26,128,151	\$943,990	4.2%
2001 Actual	29,537,139	3,408,988	13.0%
2002 Budget Estimate	27,036,900	(2,500,239)	(8.5%)
2002 Revised Estimate	27,645,700	(1,891,439)	(6.4%)
2003 Budget Estimate	28,589,700	944,000	3.4%

FY2002 revenues are projected to decrease slightly because FY2001's revenues included \$1.8 million of additional receipts due to a one-time accrual adjustment, consisting of \$0.5 million of admission and amusement taxes and \$1.3 million of highway user revenues that are shared by the state with local subdivisions. If these amounts are excluded from FY2001's revenues, the FY2002's revenues are approximately the same as FY2001's receipts because of lowered highway user revenues during the last part of FY2002 as higher gasoline prices take effect. The admissions and amusement tax has experienced healthy growth in the movie and coin-operated amusement device categories with the opening of Arundel Mills. In FY2003, state shared revenues are projected to increase by \$0.9 million (+3.4%), 80% of which is due to an increase in highway user revenues, with the balance of the increase from admissions and amusement taxes.

GRANTS AND AID - STATE/FEDERAL			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$27,454,091	\$1,253,980	5.1%
2001 Actual	34,607,900	7,153,809	26.1%
2002 Budget Estimate	45,533,300	10,925,400	31.6%
2002 Revised Estimate	46,163,500	11,555,600	33.4%
2003 Budget Estimate	43,951,600	(2,211,900)	(4.8%)

The grants and aid category is projected to increase by \$11.6 million (+33.4%) in FY2002. The following areas comprise most of the increase: (a) additional state grants to the Health Department, most notably a drug treatment program funded with the state's tobacco-settlement monies (up \$3.4 million, or +35.6%); (b) a doubling of the state electricity deregulation grant as noted above under property tax revenues (+\$3.9 million); (c) additional state grants to the Department of Social Services (+\$1.9 million) and increases in Health Department Federal grants (+\$1.3 million).

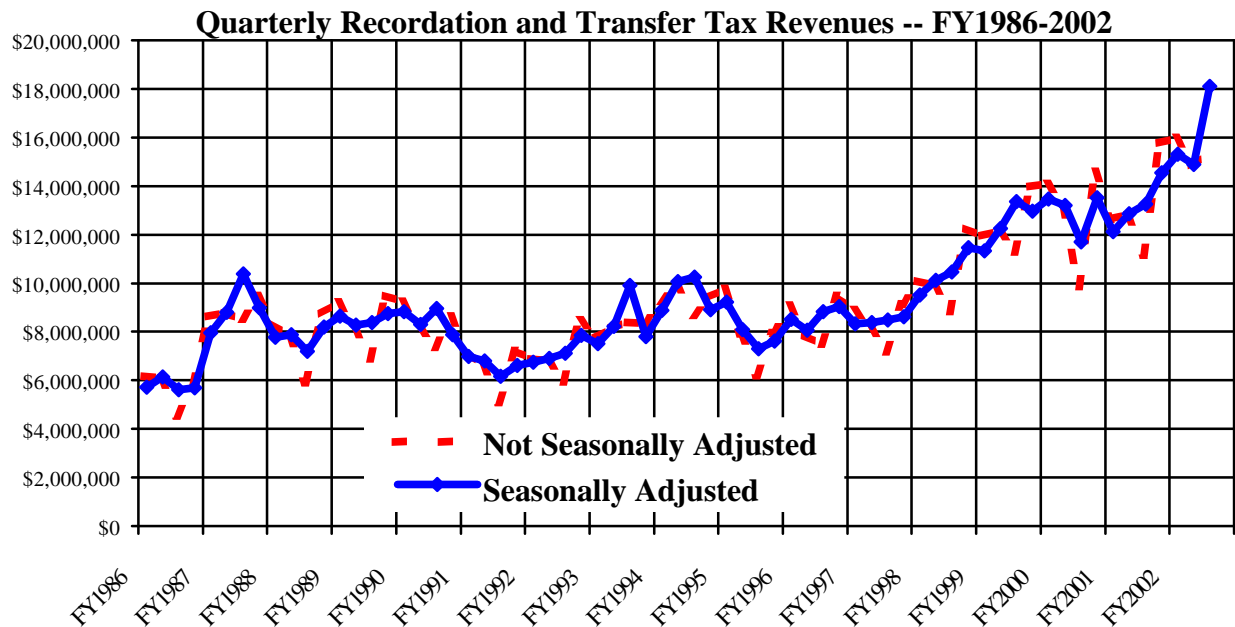
In FY2003 grant revenues are expected to decrease to \$44 million (-4.8%). The decrease from FY2002 is due to elimination of Circuit Court child support enforcement grants as a result of the transfer of Domestic Relations to the state. This decrease is partially offset by increases in other grant areas, notably health and social services grants.

RECORDATION AND TRANSFER TAXES			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$52,159,563	\$2,334,948	5.6%
2001 Actual	52,854,357	694,794	1.3%
2002 Budget Estimate	51,925,000	(929,357)	(1.8%)
2002 Revised Estimate	60,026,000	7,171,643	13.6%
2003 Budget Estimate	58,521,000	(1,505,000)	(2.5%)

Recordation and Transfer tax revenues are without question the most erratic of all of the county's major General Fund revenue sources. The experience of the past several years has amply borne out this fact. Since FY1980, fourteen years have seen increases, averaging more 20%. On the other hand, during that same period, eight years had decreases, averaging 10%. Using FY2001 actual revenues for comparison, that swing (plus 20% and

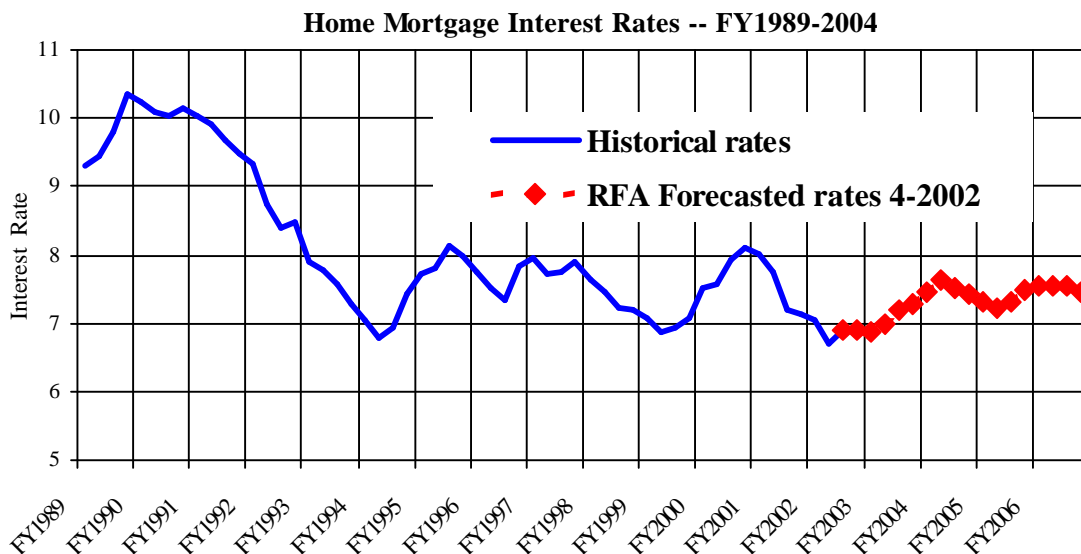
minus 10%) represents a potential swing of plus or minus \$16 million. The following graph shows quarterly receipts over the past fifteen years:

FIGURE 6



After three consecutive years of annual increases of well over 10% because of favorable real estate market conditions and mortgage interest rates, recordation and transfer tax receipts declined by 14.5% in FY1995, rebounded with a 6.3% increase in FY1996, fell again by 1.5% in FY1997 and then increased by an average of 8% over the past four years, FY1998-2001. In the first nine months of FY2002 receipts have increased by 25% compared to last year as home mortgage interest rates have fallen over the past 22 months. This increase occurred as average mortgage interest rates fell from 8.5% at the close of FY2000 to less than 7% currently. Recent econometric forecasts indicate that rates will increase moderately in FY2003, then jumping a half percentage-point the following year, in FY2004. Actual and the most recent forecasted mortgage interest rates from Regional Financial Associates are shown in the following graph:

FIGURE 7



FY2002-2003 Estimated Recordation and Transfer Tax Revenues

As noted above, recordation and transfer tax revenues increased by 25% during the first nine months of FY2002, with only one month (December) showing a decrease from last year. FY2002's revenues are projected to increase by 14% over FY2001. The revised FY2002 estimate is \$8.1 million (16%) more than the original budget estimate. For FY2003, a 2.5% decrease is projected because of increasing home mortgage interest rates (see Figure 7). The following graphs show how changes in interest rates clearly impact recordation and transfer tax revenues:

FIGURE 8

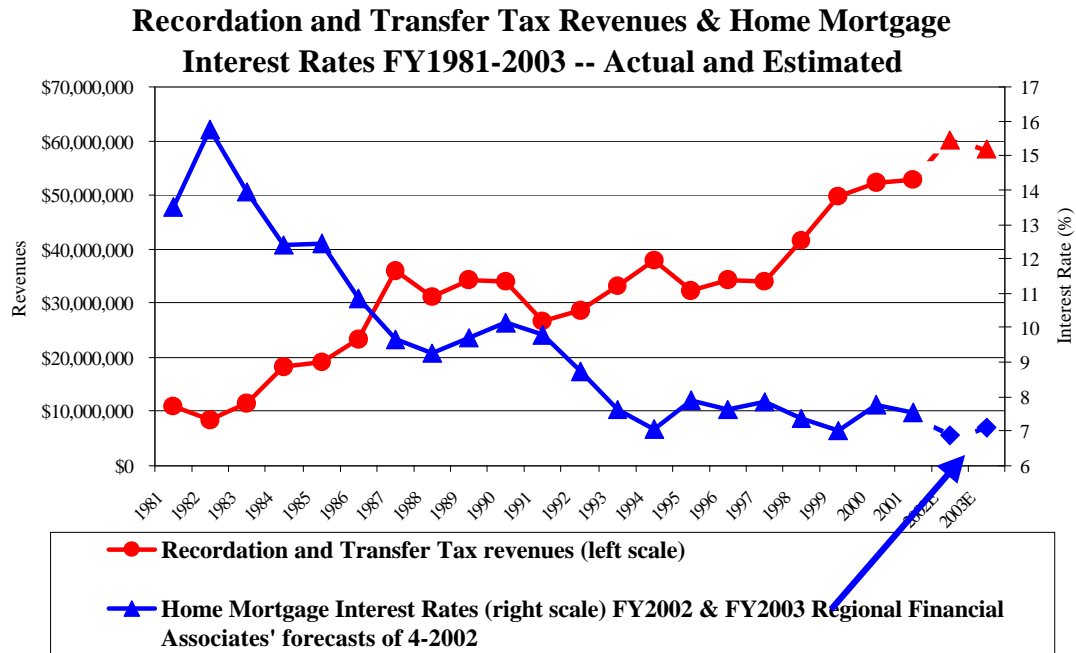
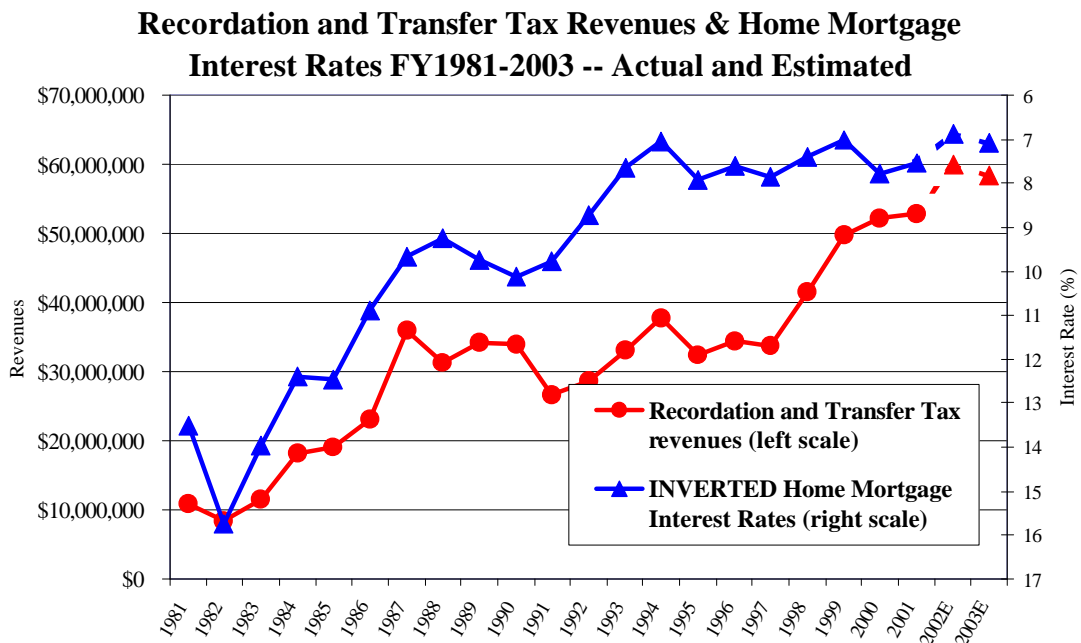


FIGURE 9



LOCAL SALES TAXES			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$24,826,565	\$6,329,723	36.7%
2001 Actual	26,631,338	1,804,772	7.3%
2002 Budget Estimate	27,730,000	1,098,662	4.1%
2002 Revised Estimate	25,895,000	(736,338)	(2.8%)
2003 Budget Estimate	27,758,000	1,863,000	7.2%

For FY2002, a decrease of \$0.7 million (-2.8%) is projected for the local sales tax category. The largest contributing factor to FY2002's increase is a projected \$1 million decrease in hotel and motel sales tax and in parking tax revenues. These revenue sources have been impacted by the recession in business travel and the events of September 11th, 2001. Compared to FY2001 actual receipts, hotel and motel taxes are estimated to be down by \$0.8 million (-7.8%) and parking taxes are estimated to be down by \$0.6 million (-11.4%). The third largest revenue in this category, telephone tax, is projected to increase by \$0.6 million (+9.8%) based on tax collections during the first half of the year.

FY2003's growth is estimated at \$1.9 million (+7.2%) based primarily on an anticipated rebound for economic conditions affecting the hotel and motel and parking categories. Estimated growth rates for the major revenues include hotel and motel (\$0.9 million or +10%); parking tax (\$0.4 million or +8%); and telephone tax (\$0.3 million (+5%).

LICENSES AND PERMITS			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$12,874,751	(\$141,635)	(1.2%)
2001 Actual	13,313,665	438,914	3.4%
2002 Budget Estimate	13,229,200	(84,465)	(0.6%)
2002 Revised Estimate	11,600,200	(1,713,465)	(12.9%)
2003 Budget Estimate	13,795,200	2,195,000	18.9%

Following a 2.5% increase in FY1998 and an 8.5% increase in FY1999, revenues in this category decreased by 1.2% in FY2000 as increase interest rates affected building and construction-related permits and fees, which account for about two-thirds of this revenue category. FY2001's receipts experienced a modest rebound as interest rates were favorable in the latter part of the year, but FY2002's receipts have declined again, and are running substantially behind last year. Lackluster economic conditions have significantly affected building and construction-related permits. Receipts in several months thus far have been between 15% and 20% less than the corresponding month last year. Consequently, estimated receipts in FY2002 are for a \$1.7 million (-12.9%) decrease from last year. A strong rebound is projected for FY2003, with receipts increasing by 18.9%, to \$13.8 million. The projected increase is less than the county's experience after the last recession in FY1991. In FY1992, the first year after the recession, total licenses and permits revenues increased by 33%.

INVESTMENT INCOME			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$6,861,779	\$605,694	9.5%
2001 Actual	4,941,677	(1,920,102)	(28.0%)
2002 Budget Estimate	5,116,000	174,323	3.5%
2002 Revised Estimate	1,200,000	(3,741,677)	(75.7%)
2003 Budget Estimate	2,350,000	1,150,000	95.8%

Investment income revenues in FY2002 are estimated to decrease by \$3.7 million (-75.7%) to \$1.2 million due to: (a) substantial decreases in investment yields on the county's investment portfolio compared to FY2001 as a result of dramatically lowered interest rates; (b) greater use of General Fund cash balances to replace county short-

term debt in lieu of issuing additional commercial paper; and (c) the impact of the more taxpayers opting for semiannual property tax payments which has reduced portfolio levels and therefore investment income because of the delay in the receipt of property tax payments. The weighted average yield in FY2001 on the biggest portion of the county's investment portfolio was 6%, and reached a peak of 6.6% in midyear. After starting out at over 4% at the beginning of this year, however, the weighted average yield has declined to 2.4% currently. Greater use of cash balances instead of short-term debt played a large part in the county's approximately \$1.2 million underspending of interest appropriations.

The other significant portion of investment income for the General Fund is interest on bond and commercial paper proceeds that are held until they are paid out for capital projects. In FY2001 this revenue, sometimes referred to as the "Restricted Split Issues Portfolio," accounted for about 15% of total investment income. Thus far in FY2002 the weighted average yield has decreased from 3.8% at the start of the year to under 2% currently. These rates compare to an average yield of 6.4% in FY20001.

Taking into account national forecasts for increased interest rates in FY2003 together with a return to an increased use of commercial paper for debt financing, a \$1.2 million increase is projected.

OTHER REIMBURSEMENTS AND REVENUES			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$26,432,897	\$6,420,915	34.0%
2001 Actual	20,820,744	(5,612,153)	(21.2%)
2002 Budget Estimate	20,384,200	(436,544)	(2.1%)
2002 Revised Estimate	19,665,000	(1,155,744)	(5.6%)
2003 Budget Estimate	22,199,500	2,534,500	12.9%

FY2002 revenues in this category are projected to decline by \$1.1 million (-5.6%) primarily because of the following: (a) a \$0.5 million (-23%) decrease in subdivision and related fees; (b) a \$1.4 million decline in Department of Social Services reimbursements because of the reduced costs of a State contract funded via DSS' budget and (c) a \$0.4 million decrease in 911 Trust Fund Reimbursements. The last occurs because of an accrual adjustment in FY2001. These decreases are partially offset by \$0.9 million increased reimbursement by the state to the Detention Center; to increases CATV franchise fees (\$162,000); and recreation and parks fees (\$129,000).

FY2003 revenues are projected to increase by \$2.5 million (+12.9%) to \$22.2 million. Much of the increase is due an anticipated \$0.5 million rebound in subdivision and related fees due to improved economic conditions and to \$261,000 of additional CATV franchise fees and various other miscellaneous revenues. Other increases are projected for 911 Trust Fund reimbursements, recreation and parks fees, and miscellaneous public safety fees. The only notable decrease is in Aging Department fees.

INTERFUND REIMBURSEMENTS			
Fiscal Year	Amount	Increase/(Decrease)	Percent Change
2000 Actual	\$11,358,282	\$160,987	1.3%
2001 Actual	11,716,888	358,606	3.2%
2002 Budget Estimate	13,176,100	1,459,212	12.5%
2002 Revised Estimate	13,199,100	1,482,212	12.7%
2003 Budget Estimate	14,486,400	1,287,300	9.8%

FY2002 revenues are projected to increase by \$1.5 million (+12.7%) primarily because of: (a) a \$1.1 million transfer to the General Fund from the Arundel Mills Tax Increment Fund.; (b) a \$464,000 transfer to the General Fund from the Installment Purchase Agreement ("IPA") Fund; and (c) a \$426,000 (+7.2%) increase in pro-rata share reimbursements. Offsetting these increases is a \$676,000 (-15.4%) decrease from capital project reimbursements that are running under the original budget estimates.

FY2003's interfund reimbursements are projected to increase by \$1.3 million (+9.8%) primarily because of the following: (a) \$2 million increase in pro-rata share reimbursements by the Water and Sewer and Waste Collection

funds primarily resulting from a transfer of information technology resources to the new Department of Information Technology; and (b) a \$464,000 increased transfer from the Nursery Road Tax Increment Fund. Offsetting these increases is a \$744,000 reduction in the transfer to the General Fund from the Arundel Mills Tax Increment Fund and a \$464,000 decrease in the FY2002 transfer to the General Fund from the Installment Purchase Agreement ("IPA") Fund.

FUND BALANCE

The FY2003 General Fund budget is partially funded with an estimated June 30, 2002 county fund balance of \$22.1 million. The unappropriated and undesignated fund balance available is \$22.1 million. The following table shows the estimated unappropriated fund balance for June 30, 2002:

STATEMENT OF ESTIMATED UNAPPROPRIATED COUNTY GENERAL FUND BALANCE AT JUNE 30, 2002

Fund Balance, June 30, 2001		\$55,896,500
Less: Appropriated To Finance FY2002 Budget		(33,768,000)
Fund Balance, July 1, 2001 (Unappropriated and Undesignated)		<u>\$22,128,500</u>
FY2002 Budget Operations (1):		
Budgeted Appropriations	\$866,354,700	
Estimated Expenditures	<u>861,783,100</u>	
Expenditures less Appropriations		4,571,600
Budgeted Revenues	\$832,586,700	
Revised Estimate	<u>827,942,500</u>	
Reduction in Estimated Revenues		(4,644,200)
		(\$72,600)
General Fund Balance At June 30, 2002 Projected		<u><u>\$22,055,900</u></u>

NOTE:

(1) Appropriations, expenditures and revenues are exclusive of Board of Education non-County funds which include State and Federal aid and miscellaneous BOE receipts. These non-County funds are received directly by the Board of Education.

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
1001.5036	Agricultural Tax Credit	(303,305)	(329,818)	(346,000)	(355,000)	(369,000)
1001.5045	Airport Noise Zone Credit	(5,038)	(3,715)	(6,000)	(3,000)	(3,000)
1001.5030	Civic Association Credit	(382)	7,139	(1,000)	(1,000)	(1,000)
1001.5038	Community Revitalization Tax	0	0	0	0	(200,000)
1001.5031	Conservation Property Credit	(7,752)	(8,148)	(11,000)	(10,000)	(10,000)
1001.5015	Corporate Property - Curr Year	56,396,426	55,813,872	51,585,000	55,582,000	54,787,000
1001.5016	Corporate Property - Prior Year	846,984	(1,632,740)	(500,000)	(2,100,000)	(1,100,000)
1001.5044	County Rezoned Tax Penalty	(6,069)	1,856	1,000	17,000	5,000
1001.5020	Fifty Year Deferred Credit	829	1,175	(2,000)	(1,000)	(1,000)
1001.5037	Foreign Trade Zone Tax Credit	0	0	0	0	(300,000)
1001.5025	Homeowner Credit - Local	(865,486)	(857,240)	(975,000)	(848,000)	(1,534,000)
1001.5032	Homeowner Tax Credit - State	(3,469,276)	(3,464,124)	(3,850,000)	(3,260,000)	(3,420,000)
1001.5035	Homestead Tax Credit	(2,502,471)	(2,640,610)	(4,311,000)	(4,081,000)	(7,002,000)
1001.5075	Penalty & Interest - Delinq Tax	880,044	811,775	864,000	886,000	930,000
1001.5010	Pers Property - Current Year	1,316,808	1,351,374	1,431,000	1,319,000	1,332,000
1001.5011	Pers Property - Prior Year	(451,566)	(785,860)	(500,000)	(900,000)	(700,000)
1001.5043	Prior Year Homestead Credit	(15,728)	2,248	(25,000)	2,000	2,000
1001.5042	Prior Year Old Age Credit	(12,385)	(75,724)	(35,000)	(60,000)	(35,000)
1001.5003	Real Property - Current Year	273,311,909	289,780,091	303,767,000	304,213,000	321,128,000
1001.5004	Real Property - Prior Year	(168,990)	(14,764)	(300,000)	(500,000)	(200,000)
1001.5040	Service Charge - Lost Interest	274,217	1,185,027	1,320,000	1,189,000	654,000
1001.5033	State Circuit Breaker Reimburs	3,469,276	3,464,124	3,812,000	3,244,000	3,403,000
1001.5041	Svc Charge - Admin Fee	20,678	73,516	92,000	53,000	53,000
Total Property Taxes		328,708,723	342,679,454	352,010,000	354,386,000	367,419,000
1001.5100	Local Income Tax	253,197,128	257,789,570	276,446,000	268,162,000	282,340,000
Total Local Income Tax		253,197,128	257,789,570	276,446,000	268,162,000	282,340,000
1001.5111	Admissions & Amusement Tax	3,729,780	4,887,977	3,897,100	5,138,000	5,300,000
1001.5112	Boat Recordation Fee	5,795	6,880	6,200	7,000	7,200
1001.5113	Highway User Revenues	22,392,577	24,642,281	23,133,600	22,500,700	23,282,500
Total State Shared Revenues		26,128,152	29,537,138	27,036,900	27,645,700	28,589,700
AGE.ST	Aging - State Grants	1,046,369	1,199,902	1,210,500	1,347,400	1,433,700
BUD.ST	Budget Office - State Grants	0	3,910,101	7,820,000	7,820,200	7,820,200
CSV.ST	Central Services - State Grants	0	0	128,000	128,000	0

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
CIR.ST	Circuit Court - State Grants	409,261	571,279	683,500	683,000	785,700
FIR.ST	Fire Dept. - State Grants	838,190	855,970	1,282,800	1,253,100	958,000
HLH.ST	Health Dept. - State Grants	6,625,183	9,508,985	12,321,400	12,897,900	12,583,200
HUM.ST	Human Svcs - State Grants	625	0	0	0	0
IAP.ST	Insp & Permits - State Grants	0	2,285	13,400	20,000	37,800
PAZ.ST	P&Zoning - State Grants	0	35,000	157,000	18,600	35,000
POL.ST	Police Dept - State Grants	5,286,421	5,383,710	5,587,700	5,634,800	5,621,700
PUB.ST	Public Works - State Grants	0	0	0	244,000	190,000
RCP.ST	Recr & Parks - State Grants	45,921	256,332	48,500	255,000	282,600
SOC.ST	Social Svcs - State Grants	57,997	125,988	2,327,900	2,026,400	2,562,500
STA.ST	State's Atty - State Grants	0	61,263	82,000	65,000	73,100
Total Direct State Grants		14,309,967	21,910,815	31,662,700	32,393,400	32,383,500
AGE.FTS	Aging - Fed'l thru St Grants	743,659	877,670	1,128,800	1,320,700	1,133,300
BUD.FTS	Budget Office - Fed thru St Grn	0	255,000	43,600	43,600	0
CIR.FTS	Circuit Court - Fed thru St Grnt	2,280,892	2,191,706	2,481,200	2,407,500	0
FIR.FTS	Fire Dept. - Fed thru St Grants	250,945	343,839	73,700	72,500	74,600
HLH.FTS	Health Dept. - Fed thru St Grnts	5,190,701	5,029,695	6,526,900	6,364,100	6,711,900
IAP.FTS	Insp & Permits - Fed thru St Gr	4,246	7,410	2,300	2,300	2,400
PAZ.FTS	P&Zoning - Fed thru St Grants	250,440	257,667	24,000	343,200	321,300
POL.FTS	Police Dept - Fed thru St Grnts	253,490	194,321	367,500	349,200	281,300
RCP.FTS	Recr & Parks - Fed thru St Grnt	4,449	7,656	8,700	8,700	0
SHR.FTS	Sheriff - Fed thru St Grants	272,852	304,796	338,000	337,600	344,400
SOC.FTS	Social Svcs - Fed thru St Grnts	283,162	286,735	333,700	270,000	361,400
STA.FTS	State's Atty - Fed thru St Grnts	185,356	236,110	201,500	276,000	180,700
Total Federal Thru State Grants		9,720,192	9,992,605	11,529,900	11,795,400	9,411,300
AGE.FED	Aging - Federal Grants	197,583	209,793	284,800	347,000	400,300
CIR.FED	Circuit Court - Federal Grants	0	0	121,900	120,000	285,300
DET.FED	Detention Center - Federal Gran	49,500	0	31,000	0	0
HLH.FED	Health Dept. - Federal Grants	440,381	341,647	269,800	291,000	311,000
MISC.FED	Miscellaneous - Fedl Grants	0	206,480	175,000	0	0
POL.FED	Police Dept - Federal Grants	1,124,477	747,332	698,200	450,300	384,600
RCP.FED	Recr & Parks - Federal Grants	2,421	0	0	0	0
SHR.FED	Sheriff - Federal Grants	16,320	19,507	17,500	17,500	0
SOC.FED	Social Svcs - Federal Grants	330,800	144,323	140,600	131,200	202,300

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
STA.FED	State's Atty - Federal Grants	32,344	230,089	102,000	30,000	111,200
Total Direct Federal Grants		2,193,826	1,899,171	1,840,800	1,387,000	1,694,700
AGE.OTH	Aging - Other Grants	29,638	0	29,600	29,600	29,600
BUD.OTH	Budget Office - Other Grants	0	0	44,100	44,100	0
CIR.OTHE	Circuit Court - Other Grants	0	5,000	0	0	0
HLH.OTH	Health Dept. - Other Grants	97,411	333,567	107,200	104,800	99,100
MISC.OT	Miscellaneous - Other Grants	500,000	0	0	0	0
POL.OTH	Police Dept - Other Grants	9,249	9,345	5,600	8,200	0
SOC.OTH	Social Svcs - Other Grants	546,844	457,397	313,400	401,000	333,400
STA.OTH	State's Atty - Other Grants	46,975	0	0	0	0
Total Other Grants		1,230,117	805,309	499,900	587,700	462,100
1001.5751	Recordation Tax	25,100,396	25,876,470	24,912,000	30,390,000	29,478,000
1001.5752	Transfer Tax	27,059,167	26,977,887	27,013,000	29,636,000	29,043,000
Total Recordation & Transfer Tax		52,159,563	52,854,357	51,925,000	60,026,000	58,521,000
1042.5776	Electricity Sales Tax	4,377,779	4,192,861	4,322,000	4,334,000	4,507,000
1042.5783	Gas - Direct Purch Sales Tax	0	(3,319)	0	0	0
1042.5777	Gas Sales Tax	692,430	646,035	713,000	627,000	652,000
1042.5780	Hotel/Motel Sales Tax	8,778,632	10,226,394	10,609,000	9,431,000	10,374,000
1042.5779	Misc. Power Sales Tax	63,313	100,961	69,000	86,000	90,000
1042.5781	Parking Tax	5,140,254	5,528,590	5,913,000	4,897,000	5,289,000
1042.5778	Telephone Sales Tax	5,774,157	5,939,815	6,104,000	6,520,000	6,846,000
Total Local Sales Taxes		24,826,565	26,631,337	27,730,000	25,895,000	27,758,000
1256.5802	Amusement Licenses	165,476	166,920	197,000	160,000	165,000
1157.5941	Animal Control Collections	174,063	192,420	175,000	207,000	209,000
1157.5944	Animal Control Other	45,101	39,850	127,400	1,000	1,000
1157.5942	Animal Control Summons	24,210	29,783	27,000	41,000	42,000
1256.5957	Auctioneer Licenses	21,500	20,500	22,000	21,000	21,000
1256.5953	Bail Bonds	4,850	10,000	6,000	13,000	13,000
1626.5815	Beer, Wine & Liquor Licenses	579,703	590,837	590,000	590,000	595,000
1256.5803	Bingo Licenses	16,225	50,054	31,500	35,000	35,000
1262.5974	Buffer Exemption Application	0	50	0	0	0
1253.5882	Building Applications	334,914	311,595	317,000	303,000	394,000

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
1253.5883	Building Permits	3,199,460	2,966,158	3,010,000	2,693,000	3,501,000
1253.5886	Certificate of Occupancy Fee	32,246	34,552	41,000	33,000	43,000
1254.5977	Coastal Flood Plain Waivers	0	0	0	1,000	1,000
1253.5901	Construction Civil Fines	5,055	4,080	5,000	4,000	5,000
1256.5832	Disposal System Applications	135	170	100	100	100
1256.5833	Disposal System Examinations	540	230	300	200	200
1256.5834	Disposal System Licenses	3,550	2,590	3,000	3,000	3,000
1253.5871	Electrical Applications	261,869	279,765	311,000	228,000	296,000
1253.5872	Electrical Permits	723,212	780,053	873,000	625,000	813,000
1256.5821	Electrician Applications	2,950	4,060	4,000	3,000	3,000
1256.5822	Electrician Examinations	1,050	450	1,000	300	300
1256.5823	Electrician Licenses	90,085	90,185	98,000	93,000	93,000
1256.5824	Electrician Other	10,680	12,460	2,000	12,000	12,000
1751.5971	Food Service Facilities	298,872	314,893	295,000	295,000	295,000
1253.5873	Gas Applications	99,075	93,840	110,000	69,000	90,000
1253.5874	Gas Permits	159,479	151,530	173,000	111,000	144,000
1256.5825	Gasfitter Applications	750	825	1,000	1,000	1,000
1256.5826	Gasfitter Examinations	225	50	500	0	0
1256.5827	Gasfitter Licenses	7,700	8,200	7,000	8,000	8,000
1256.5828	Gasfitter Other	51	28	700	700	700
1253.5884	Grading Applications	15,279	15,433	16,000	16,000	21,000
1253.5902	Grading Civil Fines	(19,044)	30,774	4,000	6,000	28,500
1253.5885	Grading Permits	1,302,175	1,788,768	1,324,000	1,206,000	1,568,000
1256.5958	Hucksters Licenses	8,825	12,100	11,000	19,000	19,000
1253.5890	Impervious Coverage Fees	0	6,232	1,000	2,000	3,000
1256.5918	Individual Mobile Home	22,675	21,090	19,000	22,000	22,000
1253.5887	Investigation Fee	1,380	2,480	2,000	3,000	4,000
1268.5970	Landscaping Screening Review	65,273	63,210	63,000	54,000	70,000
multi.5962	Liquid Waste Hauler	2,765	2,550	5,000	2,300	2,300
1611.5964	Marriage Licenses	222,750	214,270	227,000	211,000	212,000
1256.5838	Mechanic Applications	2,370	2,790	2,000	2,000	2,000
1253.5880	Mechanical Applications	156,810	149,255	150,000	117,000	152,000
1256.5839	Mechanical Exams	425	1,100	2,000	1,000	1,000
1256.5840	Mechanical Licenses	69,965	66,275	69,000	67,000	67,000
1256.5841	Mechanical Other	0	0	1,000	0	0
1253.5881	Mechanical Permits	551,722	492,702	551,000	408,000	530,000

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
1256.5919	Mobile Home Dealer	600	425	1,000	1,000	1,000
1256.5960	Multiple Dwelling Late Fee	2,592	4,390	3,000	7,000	7,000
multi.5959	Multiple Dwelling Licenses	380,745	316,747	350,000	348,000	355,000
1266.5968	Non-conforming Use Fee	6,875	9,517	7,000	10,000	13,000
1253.5889	Occup w/o Cert of Occ Fee	1,000	2,900	1,000	2,000	3,000
1266.6001	Occupancy Permits	20,905	34,080	19,000	19,000	27,500
1266.5951	Off-site Directional Signs	0	0	1,000	300	300
1256.5954	Parade Permits	1,725	2,075	2,000	2,000	2,000
1256.5956	Pawnbroker Licenses	1,950	1,550	2,000	2,000	2,000
1754.6002	Percolation Tests	319,943	311,148	320,000	300,000	390,000
1256.5829	Plumber Applications	1,955	2,850	2,000	2,000	2,000
1256.5830	Plumber Licenses	59,555	61,405	69,000	65,000	62,000
1256.5831	Plumber Other	0	0	1,000	700	700
1253.5875	Plumbing Applications	127,045	126,620	131,000	98,000	127,000
1253.5877	Plumbing Permits	481,381	472,690	479,000	398,000	517,000
1253.5888	Reinspection Fee	18,015	32,640	21,000	36,000	47,000
1256.5952	Roadside Vendor	15,175	23,275	13,000	27,000	28,000
1259.5935	Rubble Inspections	313,335	138,200	320,000	124,400	128,100
1754.5963	Scavenger Inspections	1,925	2,000	2,000	2,000	2,000
multi.5975	Senior Center Annual Fee	51,702	73,757	62,700	55,700	0
1754.6005	Septic System Permit	204,364	211,740	205,000	197,000	256,000
1253.5879	Septic Tank Applications	30,585	31,250	32,000	30,000	39,000
1308.6030	Space Permits	98,385	226,513	158,000	78,000	101,000
1157.5943	Spaying and Neutering Fees	44,731	41,341	44,800	43,000	44,000
1256.5810	Special Event Licenses	5,200	6,600	6,000	5,000	6,000
1754.6004	Swim Pool Oper Licenses	20,110	18,340	22,000	22,000	22,000
1754.6003	Swimming Pool Permit	34,680	33,345	35,000	35,000	34,000
1256.5928	Taxicab Late Fee	1,648	1,179	1,000	1,000	1,000
1256.5927	Taxicab Licenses	18,235	24,806	20,000	17,000	20,000
1256.5926	Taxicab Registration	30,820	43,225	42,000	44,000	42,000
1256.5976	Towing License Applications	250	6,000	0	0	0
1256.5961	Towing Licenses	8,950	3,225	9,000	6,000	6,000
1611.5860	Traders Licenses	675,545	733,893	700,000	700,000	700,000
1256.5916	Trailer Park Licenses	14,040	17,460	17,000	17,000	17,000
1256.5917	Trailer Park Rental	852,750	949,347	905,000	964,000	978,000
1256.5835	Utility Contractor Applications	0	125	200	100	100

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
1256.5836	Utility Contractor Exams	500	175	1,000	400	400
1256.5837	Utility Contractor Licenses	3,645	3,510	4,000	4,000	4,000
1268.5969	Waiver Requests	23,495	20,537	20,000	18,000	23,000
1253.5876	Water & Sewer App Licenses	65,830	61,745	64,000	41,000	53,000
1253.5878	Water & Sewer Inspections	133,860	125,613	132,000	89,000	116,000
1754.6006	Well Water Test	50,303	34,791	50,000	5,000	7,000
1266.5965	Zoning Fees	84,009	77,484	79,000	96,000	125,000
Total Licenses & Permits		12,874,754	13,313,670	13,229,200	11,600,200	13,795,200
1044.6155	General Portfolio	4,090,065	2,690,777	3,792,000	700,000	1,500,000
1044.6157	General Portfolio - Transfer In	978,036	847,835	0	0	0
1044.6152	Inv Income - Other Agencies	328,648	246,615	309,000	200,000	300,000
1044.6153	Investment Income - Restricted	1,104,755	765,313	706,000	150,000	300,000
1044.6156	Investment Income Sweep Accts	360,275	391,137	309,000	150,000	250,000
Total Investment Income		6,861,779	4,941,677	5,116,000	1,200,000	2,350,000
1152.6185	911 Trust Fund Reimbursement	2,032,606	2,373,149	2,100,000	2,100,000	2,205,000
aging.6550	Aging Fees (miscellaneous)	299,589	373,952	292,200	376,300	285,800
1611.6525	Appearance Fees	29	70	300	500	500
1420.6348	Aquatics Center	595,431	641,398	620,000	645,000	640,000
multi.6297.	Arundel Mills Review	895,399	0	0	0	0
1402.6344	Athletics - Area 1	49,376	83,635	87,100	87,000	79,300
1402.6345	Athletics - Area 2	76,333	106,435	106,400	106,400	108,700
1402.6346	Athletics - Area 3	123,007	66,445	67,400	67,400	84,500
1402.6347	Athletics - Area 4	130,325	156,112	184,100	184,000	164,700
1421.6327	B&A Trail	64	152	200	200	200
1418.6351	Bachman Adult Athl Complex	108,572	146,118	150,000	155,000	175,200
1265.6499	Base Maps	35,188	34,433	40,000	30,000	40,000
1137.6172	Bay Ridge Special Police	55,970	67,182	74,100	74,100	78,500
1573.6242	Board of Appeal Fees	20,620	28,338	30,600	26,000	28,000
1402.6349	Cannon Stadium	38,128	45,922	40,000	45,000	46,000
1001.6521	Car Phone Reimbursements	138	335	500	500	500
1001.6300	CATV Franchise Fees	2,647,720	3,923,250	3,317,000	4,085,000	4,346,000
1042.6280	Certificate of Lien	110,900	114,075	117,000	118,000	124,000
1611.6523	Circuit Court Fines	29,211	193,551	25,000	80,000	82,000
1061.6501	Commuter Fees	92,160	92,099	96,000	70,000	71,000

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
1001.6502	County Code Sales	2,275	0	2,000	1,200	1,400
1402.6343	Countywide Therapeutic	80,653	78,744	87,500	87,000	90,700
1611.6201	Court Jury Fee Reimbursement	0	0	0	160,000	155,000
1611.6202	Court Masters Reimbursement	0	0	359,900	250,000	550,000
1611.6519	Court Transcript Sales	148,234	140,611	170,000	100,000	0
1552.6509	DC House Arrest	44,688	40,773	32,000	38,000	42,000
1552.6508	DC Live-in Workout	200,871	310,717	260,000	340,000	340,000
1552.6182	Det Ctr Weekend Reimburs	5,640	450	1,000	0	0
1552.6510	Detention Ctr Alter Sentence	23,345	24,020	20,000	24,000	27,000
1255.6290	Dev Fee - Street Lights	143,324	64,235	45,000	57,800	59,500
1268.6511	Developer Service Fee	272,008	324,334	300,000	220,000	320,000
1001.6599	Discounts Taken	0	15,105	1,000	1,000	1,000
1042.6513	Dishonored Check Fee	13,295	11,723	13,000	14,000	14,000
1422.6325	Downs Park	143,898	148,209	145,000	150,000	150,000
1402.6341	East County Recr Programs	338,968	404,811	415,000	415,000	432,000
1001.6529	Encumbrance Write-offs	1,143,054	670,893	1,000,000	400,000	800,000
1586.6177	Extradition Reimbursement	1,726	582	2,500	2,500	3,500
multi.6181	Fed/St Reimb Social Services	2,363,355	2,052,564	658,900	645,800	696,400
1171.6472	Fines Red Light Running	0	622,670	650,000	550,000	650,000
1203.6194	Glen Burnie VFD Reimburseme	10,000	0	10,000	0	10,000
1423.6306	Golf Course Greens Fees	(158)	14,196	0	39,300	39,300
multi.6251-	Health Dept Fees	290,403	322,381	264,300	290,500	308,700
1146.6198	Hi Intensity Drug Reimb O'time	12,991	14,349	20,000	10,000	16,000
1552.6512	Inmate Medical Fees	7,768	11,094	8,000	10,000	12,000
1061.6174	Insurance Recovery	435,782	479,288	470,000	280,000	475,000
1434.6350	Kinder Farm Park Fees	15,866	18,525	12,000	20,000	20,000
1129.6505	Liquor in Possession Fines	0	120	2,000	2,000	2,000
1719.6515	M.A. Healthy Start	324,235	252,273	320,000	320,000	320,000
1746.6500	M.A. Personal Care Provider	170,725	195,625	165,000	165,000	165,000
multi.6516	M.A. School Health	255,998	243,207	190,000	190,000	190,000
multi.6550	Miscellaneous Revenues	5,767,285	160,714	1,207,800	500,000	1,000,000
1402.6340	North County Recr Programs	170,420	220,850	257,800	257,000	267,500
1139.6522	Parking Fines	57,933	78,601	72,000	88,000	77,000
1403.6337	Parks Miscellaneous	1,845	47,540	17,000	80,000	80,000
1403.6321	Parks Revenue	111,296	126,998	110,000	120,000	127,000
1430.6336	Permits - Jug Bay	10,753	11,675	12,100	12,000	12,000

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
1424.6335	Permits - Lake Waterford	20,490	17,715	21,000	18,000	18,000
1425.6334	Permits - Mayo	47,413	58,563	50,000	52,000	50,000
1431.6333	Permits - Thomas Point	5,927	6,281	6,200	6,200	6,200
1268.6296	Public Works Subdivisions	2,036,971	1,749,306	1,900,000	1,348,000	1,752,000
1426.6326	Quiet Waters Park	371,387	417,577	395,000	420,000	375,000
1402.6324	Randazzo Field Concessions	8,592	4,748	13,600	4,800	6,000
1402.6322	Randazzo Field Fees	81,866	74,430	79,400	74,400	76,000
1402.6323	Randazzo Field Gate Receipts	5,290	7,155	3,000	7,100	7,100
1066.6230	Rental Income	323,556	401,449	346,000	510,000	550,000
1001.6285	Sale of Surplus Property	187,313	373,952	150,000	50,000	200,000
1042.6497	Sales Tax - Penalty & Interest	95,509	19,547	5,000	5,000	5,000
1591.6507	Sheriff's Body Attachment	6,585	23,329	1,000	500	1,000
1595.6496	Sheriff's Civil Process Fees	485,257	487,223	490,000	511,000	500,000
1591.6235	Sheriff's Fees	115,513	88,980	107,000	90,000	100,000
1591.6498	Sheriff's Sales	350	5	0	1,000	1,000
1402.6338	South County Recr Programs	258,804	323,630	290,000	296,000	334,300
1041.6241	Special Benefit Distr Admin Fee	63,418	67,097	67,000	70,000	72,000
1402.6342	Special Programs	163,466	88,868	82,800	85,000	87,200
1586.6526	St. Attorney Revolving Fund	14,840	13,872	17,000	40,000	42,500
1552.6180	State Pris Hse Reimbursement	1,810,480	589,700	600,000	1,500,000	1,500,000
1586.6528	State's Atty Bad Check Fees	13,302	15,012	24,000	24,000	24,000
1268.6298	Subdivision Tracking System	0	40	0	0	0
1042.6503	Tax Sales	110,369	110,932	118,000	115,000	118,000
1306.6506	Traffic Sign Fees	56,629	21,654	50,000	29,000	50,000
1001.6534	Transfer Station Host Fee	0	0	600,000	0	0
1402.6339	West County Recr Programs	240,031	304,604	317,500	317,000	309,800
1261.6514	Zoning Violation Penalties	300	550	2,000	500	500
Total Other Revenues		26,432,900	20,820,747	20,384,200	19,665,000	22,199,500
1001.6685.	Arundel Mills Tax Increment Fu	0	0	0	1,067,000	323,000
1001.6682.	Cent Svcs Stockroom W/C (500	156,000	117,900	73,000	73,000	0
1001.6682.	Central Garage W/C (5200)	914,004	732,000	911,000	911,000	911,000
1001.6682.	GB Warehouse W/C (5000)	212,004	162,396	74,400	74,400	0
1001.6683.	General County Capital Projects	2,109,038	2,868,004	2,978,000	2,099,000	2,138,000
1001.6684.	Housing Trust Fund (2290)	110,304	0	0	0	0
1001.6684.	IPA Transfer	0	0	464,000	464,000	0

General Fund Revenues

FY2000-2003 Detailed Amounts

Code	Revenue Name	Actual FY2000 Revenues	Actual FY2001 Revenues	Budgeted FY2002 Estimate	Revised FY2002 Estimate	Estimated FY2003 Revenues
1001.6685.	Nursery Road Tax Incr Fund (2	1,170,278	1,376,888	1,506,000	1,578,000	2,045,000
1001.6686.	Pension System Fund (6050)	24,996	53,604	60,000	55,000	55,000
1001.6682.	Print Shop W/C (5000)	63,996	47,796	52,700	52,700	0
1001.6681.	W&S Interest & Sinking (4200)	199,992	199,992	200,000	200,000	200,000
1001.6681.	W&S Operating Fund (4000)	3,450,000	3,480,000	3,820,000	3,820,000	5,160,000
1001.6681.	Waste Management Services Fu	1,190,004	1,089,996	1,159,000	1,159,000	1,976,400
1001.6683.	Water & Sewer Capital Projects	1,689,441	1,525,341	1,850,000	1,618,000	1,648,000
1001.6684.	Whitmore Parking Garage (200	68,226	62,971	28,000	28,000	30,000
Total Interfund Reimbursements		11,358,283	11,716,888	13,176,100	13,199,100	14,486,400
1001.6691.	Approp. Fund Balance	50,158,250	41,168,700	33,768,000	33,768,000	22,055,900
Total Fund Balance		50,158,250	41,168,700	33,768,000	33,768,000	22,055,900
Grand Total All Revenues		820,160,199	836,061,438	866,354,700	861,710,500	883,466,300

**TAXABLE ASSESSABLE BASE
ANNE ARUNDEL COUNTY, MARYLAND**

FY2002 Revised Estimate			
	<u>TOTAL</u>	<u>COUNTY</u>	<u>CITY</u>
REAL PROPERTY:			
Full Year Basis			
Existing Properties	\$32,723,524,000	\$30,209,212,000	\$2,514,312,000
Full Year Basis New Construction	426,132,000	411,430,000	14,702,000
Half Year Basis New Construction	408,146,000	399,965,000	8,181,000
TOTAL REAL PROPERTY	\$33,557,802,000	\$31,020,607,000	\$2,537,195,000
PERSONAL PROPERTY:			
Unincorporated Businesses	57,390,000	51,686,000	5,704,000
Corporations	1,144,821,000	1,048,280,000	96,541,000
Public Utilities	1,234,168,000	1,180,826,000	53,342,000
TOTAL PERSONAL PROPERTY	\$2,436,379,000	\$2,280,792,000	\$155,587,000
TOTAL ASSESSABLE BASE	\$35,994,181,000	\$33,301,399,000	\$2,692,782,000

FY2003 Budget Estimate			
	<u>TOTAL</u>	<u>COUNTY</u>	<u>CITY</u>
REAL PROPERTY:			
Full Year Basis			
Existing Properties	\$35,093,751,000	\$32,455,309,000	\$2,638,442,000
Full Year Basis New Construction	400,000,000	387,500,000	12,500,000
Half Year Basis New Construction	400,000,000	387,500,000	12,500,000
TOTAL REAL PROPERTY	\$35,893,751,000	\$33,230,309,000	\$2,663,442,000
PERSONAL PROPERTY:			
Unincorporated Businesses	58,538,000	52,720,000	5,818,000
Corporations	1,156,269,000	1,058,763,000	97,506,000
Public Utilities	1,213,681,000	1,161,224,000	52,457,000
TOTAL PERSONAL PROPERTY	\$2,428,488,000	\$2,272,707,000	\$155,781,000
TOTAL ASSESSABLE BASE	\$38,322,239,000	\$35,503,016,000	\$2,819,223,000

PROPERTY TAX RATES AND ESTIMATED YIELD PER ONE CENTS

FY2002 Revised Estimate			
	<u>Tax Rate by Property Type</u>		<u>Yield Per 1 ¢</u>
	<u>Real</u>	<u>Personal</u>	<u>Real</u> <u>Personal</u>
Outside City of Annapolis	\$0.960	\$2.400	\$2,971,000 \$582,500
Within City of Annapolis	\$0.556	\$1.390	246,000 40,000
			\$3,217,000 \$622,500

FY2003 Budget Estimate			
	<u>Tax Rate by Property Type</u>		<u>Yield Per 1 ¢</u>
	<u>Real</u>	<u>Personal</u>	<u>Real</u> <u>Personal</u>
Outside City of Annapolis	\$0.950	\$2.375	\$3,132,000 \$582,500
Within City of Annapolis	\$0.550	\$1.375	258,000 40,000
			\$3,390,000 \$622,500

**ASSESSABLE BASE SUBJECT TO TAX CREDITS
ANNE ARUNDEL COUNTY, MARYLAND**

<u>TAX CREDIT PROGRAM</u>	FY2002 Revised Estimate		
	<u>TOTAL</u>	<u>COUNTY</u>	<u>CITY</u>
Agricultural Tax Credit	\$37,000,000	\$37,000,000	\$0
Airport Noise Zone Tax Credit	270,000	270,000	0
Civic Association Tax Credit	60,000	60,000	0
Community Revitalization Tax Credit	0	0	0
Conservation Property Tax Credit	1,000,000	1,000,000	0
Foreign Trade Zone Tax Credit	0	0	0
Homeowners Tax Credit--Local	91,700,000	83,700,000	8,000,000
Homeowners Tax Credit--State	360,600,000	310,600,000	50,000,000
Homestead Tax Credit (104%)	452,000,000	388,000,000	64,000,000
TOTAL	\$942,630,000	\$820,630,000	\$122,000,000
 TOTAL BASE LESS CREDITS	 \$35,051,551,000	 \$32,480,769,000	 \$2,570,782,000

<u>TAX CREDIT PROGRAM</u>	FY2003 Budget Estimate		
	<u>TOTAL</u>	<u>COUNTY</u>	<u>CITY</u>
Agricultural Tax Credit	\$38,850,000	\$38,850,000	\$0
Airport Noise Zone Tax Credit	284,000	284,000	0
Civic Association Tax Credit	63,000	63,000	0
Community Revitalization Tax Credit	21,000,000	21,000,000	0
Conservation Property Tax Credit	1,050,000	1,050,000	0
Foreign Trade Zone Tax Credit	31,600,000	31,600,000	0
Homeowners Tax Credit--State	382,236,000	329,236,000	53,000,000
Homeowners Tax Credit--Local	167,202,000	153,722,000	13,480,000
Homestead Tax Credit (104%)	765,523,000	697,858,000	67,665,000
TOTAL	\$1,407,808,000	\$1,273,663,000	\$134,145,000
 TOTAL BASE LESS CREDITS	 \$36,914,431,000	 \$34,229,353,000	 \$2,685,078,000

Office of the Budget
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